TIMKENSTEEL

First-Quarter 2016 Earnings Supporting Information

April 28, 2016

Forward-looking statements and non-GAAP financial information

This presentation includes “forward-looking” statements within the meaning of the federal securities laws. You can generally identify the company’s forward-looking statements by words such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “forecast,” “outlook,” “intend,” “may,” “possible,” “potential,” “predict,” “project,” “seek,” “target,” “could,” “may,” “should” or “would” or other similar words, phrases or expressions that convey the uncertainty of future events or outcomes. The company cautions readers that actual results may differ materially from those expressed or implied in forward-looking statements made by or on behalf of the company due to a variety of factors, such as: the company’s ability to realize the expected benefits of the spinoff; the costs associated with being an independent public company, which may be higher than anticipated; deterioration in world economic conditions, or in economic conditions in any of the geographic regions in which the company conducts business, including additional adverse effects from global economic slowdown, terrorism or hostilities, including political risks associated with the potential instability of governments and legal systems in countries in which the company or its customers conduct business, and changes in currency valuations; the effects of fluctuations in customer demand on sales, product mix and prices in the industries in which the company operates, including the ability of the company to respond to rapid changes in customer demand, the effects of customer bankruptcies or liquidations, the impact of changes in industrial business cycles, and whether conditions of fair trade continue in U.S. markets; competitive factors, including changes in market penetration, increasing price competition by existing or new foreign and domestic competitors, the introduction of new products by existing and new competitors, and new technology that may impact the way the company’s products are sold or distributed; changes in operating costs, including the effect of changes in the company’s manufacturing processes, changes in costs associated with varying levels of operations and manufacturing capacity, availability of raw materials and energy, the company’s ability to mitigate the impact of fluctuations in raw materials and energy costs and the effectiveness of its surcharge mechanism, changes in the expected costs associated with product warranty claims, changes resulting from inventory management, cost reduction initiatives and different levels of customer demands, the effects of unplanned work stoppages, and changes in the cost of labor and benefits; the success of the company’s operating plans, announced programs, initiatives and capital investments (including the jumbo bloom vertical caster and advanced quench-and-temper facility), the ability to integrate acquired companies, the ability of acquired companies to achieve satisfactory operating results, including results being accretive to earnings, and the company’s ability to maintain appropriate relations with unions that represent its associates in certain locations in order to avoid disruptions of business; and changes in worldwide financial markets, including availability of financing and interest rates, which affect the company’s cost of funds and/or ability to raise capital, the company’s pension obligations and investment performance, and/or customer demand and the ability of customers to obtain financing to purchase the company’s products or equipment that contain its products, and the amount of any dividend declared by the company’s board of directors on its common shares. Additional risks relating to the company’s business, the industries in which the company operates or the company’s common shares may be described from time to time in the company’s filings with the SEC. All of these risk factors are difficult to predict, are subject to material uncertainties that may affect actual results and may be beyond the company’s control. Readers are cautioned that it is not possible to predict or identify all of the risks, uncertainties and other factors that may affect future results and that the above list should not be considered to be a complete list. Except as required by the federal securities laws, the company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

The unaudited pro forma consolidated financial data in this presentation is subject to assumptions and adjustments described in the company’s registration statement on Form 10. TimkenSteel Corporation’s (“TimkenSteel”) management believes these assumptions and adjustments are reasonable under the circumstances . The unaudited pro forma consolidated financial data does not purport to represent what TimkenSteel’s financial position and results of operations actually would have been had the spinoff occurred on the dates indicated, or to project TimkenSteel’s financial performance for any future period following the spinoff.

This presentation also includes certain non-GAAP financial measures as defined by SEC rules. A reconciliation of those measures to the most directly comparable GAAP equivalent is contained in the Appendix. Please see discussion of non-GAAP financial measures in the Appendix.

First-quarter 2016 highlights

- Ship tons of approximately 186,000, an increase of 6 percent versus prior quarter, driven by improving industrial demand through the supply chain
- Sequential EBITDA improvement; EBITDA loss of $2 million for first-quarter 2016
- Earnings per share (EPS) of minus 31 cents, compared with minus 55 cents for fourth-quarter 2015
- $12 million of free cash flow
- Amendment of credit agreement

We developed a new process to manufacture high-pressure tubing (HPT) for use in the production of low-density polyethylene (LDPE). We recently accepted our first order of HPT, for a major petrochemical producer.

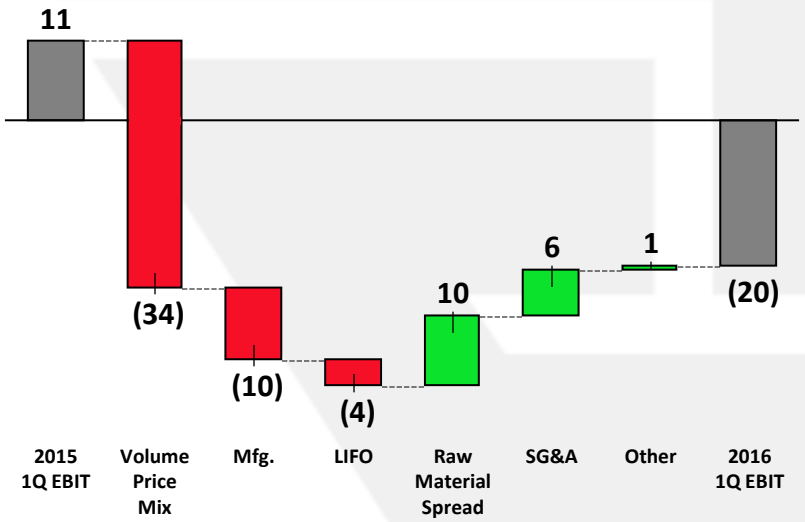
With the assets we have today, we're able to streamline the process, creating cost efficiencies even in small order sizes and short lead times … and that paved the way for a profitable re-entry to this market.

Operating performance

(Dollars per million)

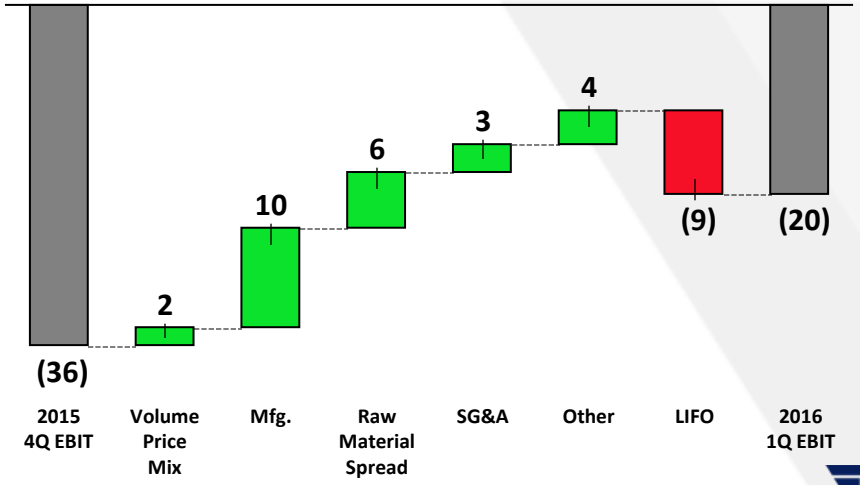
EBIT 2015 1Q vs. 2016 1Q

- Industrial shipments down 38 percent, mobile shipments up 5 percent, and energy shipments down 87 percent; total shipments down 31 percent
- Manufacturing costs unfavorable as melt utilization was 66 percent in first-quarter 2015 compared with 47 percent in first-quarter 2016
- Favorable raw material spread, largely driven by stabilization in scrap and alloy indices
- SG&A costs favorable due to cost reduction actions



EBIT 2015 4Q vs. 2016 1Q

- Industrial shipments up 23 percent and energy shipments down 31 percent; total shipments up 6 percent
- Manufacturing costs favorable as melt utilization improved from 41 percent in fourth-quarter 2015 to 47 percent in first-quarter 2016; manufacturing also favorably impacted by cost reduction actions
- Favorable raw material spread, largely driven by stabilization in scrap and alloy indices
- SG&A costs favorable due to cost reduction actions
- "Other" comprised of $4M restructuring expense in fourth-quarter 2015 for employee severance costs



2016 market outlook

Direct End Markets

North American Light Vehicles	🟢	Continued growth driven by strong economic fundamentals, pent-up demand and production growth in Mexico for export outside of NAFTA countries.
Mining	🔴	Continued weakness in new equipment build from suppressed global demand.
Machinery	🔴	Weakening global growth, the strong dollar and imports levels.
Rail	🔴	Coal, oil and gas, and intermodal shipments are down from weakened market conditions.
Agriculture	🔴	Lower build rates in part due to elevated used equipment sales.
Oil and Gas	🔴	Continued rig count decline as well as associated capital spend.

Channels

Distribution	🟡	Weaker oil and gas demand and high inventory levels in energy end-market; tapering of industrial inventory destocking on improved PMI.

Source: TimkenSteel as of April 28, 2016

Outlook

Guidance	

Second-quarter 2016 revenue	▪ Shipments are expected to be similar to first-quarter 2016 with an improved mix.
	  ▪ Automotive demand should remain strong.
	  ▪ Continued pressure on oil and gas shipments is expected due to low levels of energy exploration and production spend.
	  ▪ Demand in industrial supply chains should be higher due to tapering of inventory destocking.

Second-quarter 2016 EBITDA	▪ EBITDA projected to be between a loss of $5 million and income of $5 million. ▪ Raw material spread expected to be favorable versus first-quarter 2016 due to stabilizing scrap markets. ▪ Manufacturing expected to continue to be positively impacted by cost reduction efforts. ▪ Melt utilization expected to remain slightly below 50 percent. ▪ Imports and weak market dynamics to continue to pressure pricing.
Other	▪ 2016 capital spending planned to be $45 million.

Source: TimkenSteel as of April 28, 2016

Appendix

First-quarter supplemental information

(Dollars in millions, except per ton data) (Unaudited)

Figures in the table may not recalculate exactly as presented in the earnings release due to rounding

2016	Industrial 1Q	Mobile 1Q	Energy 1Q	Other 1Q	Total 1Q
Tons (k)	*72.0*	*107.2*	*7.0*	-	*186.2*
Net Sales	$82.3	$121.3	$10.0	$4.3	$217.9
Less Surcharges	6.1	8.8	0.6	-	15.5
Base Sales	$ 76.2	$ 112.5	$ 9.4	$ 4.3	$ 202.4
Sales/Ton	$ 1,143	$ 1,132	$ 1,433	N/A	$ 1,171
Base Sales/Ton	$ 1,059	$ 1,050	$ 1,345	N/A	$ 1,087

2015	Industrial 1Q	Mobile 1Q	Energy 1Q	Other 1Q	Total 1Q
Ship Tons (k)	*116.5*	*102.1*	*52.5*	-	*271.1*
Net Sales	$ 164.9	$ 131.3	$ 87.7	$ 4.9	$ 388.7
Less Surcharges	34.2	24.2	16.8	-	75.2
Base Sales	$ 130.7	$ 107.0	$ 70.9	$ 4.9	$ 313.5
Sales/Ton	$ 1,415	$ 1,286	$ 1,670	N/A	$ 1,434
Base Sales/Ton	$ 1,121	$ 1,049	$ 1,351	N/A	$ 1,157

(1) *Please see discussion of Non-GAAP Financial Measures in the Appendix.*

Supplemental information

(Dollars in millions, except per ton data) (Unaudited)

Figures in the table may not recalculate exactly as presented in the earnings release due to rounding

	Industrial					Mobile					Energy					Other					Total				
2016	**1Q**	**2Q**	**3Q**	**4Q**	**YTD**	**1Q**	**2Q**	**3Q**	**4Q**	**YTD**	**1Q**	**2Q**	**3Q**	**4Q**	**YTD**	**1Q**	**2Q**	**3Q**	**4Q**	**YTD**	**1Q**	**2Q**	**3Q**	**4Q**	**YTD**
Tons (k)	*72.0*	-	-	-	*72.0*	*107.2*	-	-	-	*107.2*	*7.0*	-	-	-	*7.0*	-	-	-	-	-	*186.2*	-	-	-	*186.2*
Net Sales	$82.3	$ -	$ -	$ -	$ 82.3	$121.3	$ -	$ -	$ -	$ 121.3	$10.0	$ -	$ -	$ -	$ 10.0	$4.3	$ -	$ -	$ -	$ 4.3	$217.9	$ -	$ -	$ -	$ 217.9
Less Surcharges	6.1	-	-	-	6.1	8.8	-	-	-	8.8	0.6	-	-	-	0.6	-	-	-	-	-	15.5	-	-	-	15.5
Base Sales	$ 76.2				$ 76.2	$ 112.5				$ 112.5	$ 9.4				$ 9.4	$ 4.3				$ 4.3	$ 202.4				$ 202.4
Sales/Ton	$ 1,143	$ -	$ -	$ -	$ 1,143	$ 1,132	$ -	$ -	$ -	$ 1,132	$ 1,433	$ -	$ -	$ -	$ 1,433	N/A	$ -	$ -	$ -	N/A	$ 1,171	$ -	$ -	$ -	$ 1,171
Base Sales/Ton	$ 1,059	$ -	$ -	$ -	$ 1,059	$ 1,050	$ -	$ -	$ -	$ 1,050	$ 1,345	$ -	$ -	$ -	$ 1,345	N/A	$ -	$ -	$ -	N/A	$ 1,087	$ -	$ -	$ -	$ 1,087

	Industrial					Mobile					Energy					Other					Total				
2015	**1Q**	**2Q**	**3Q**	**4Q**	**YTD**	**1Q**	**2Q**	**3Q**	**4Q**	**YTD**	**1Q**	**2Q**	**3Q**	**4Q**	**YTD**	**1Q**	**2Q**	**3Q**	**4Q**	**YTD**	**1Q**	**2Q**	**3Q**	**4Q**	**YTD**
Ship Tons (k)	*116.5*	*89.1*	*64.9*	*58.4*	*328.9*	*102.1*	*105.9*	*102.3*	*106.9*	*417.2*	*52.5*	*17.0*	*11.5*	*10.1*	*91.0*	-	-	-	-	-	*271.1*	*211.9*	*178.7*	*175.3*	*837.1*
Net Sales	$ 164.9	$ 118.3	$ 85.0	$ 69.5	$ 437.7	$ 131.3	$ 127.3	$ 124.7	$ 121.1	$ 504.4	$ 87.7	$ 27.0	$ 17.7	$ 12.3	$ 144.7	$ 4.9	$ 5.6	$ 5.3	$ 3.7	$ 19.5	$ 388.7	$ 278.2	$ 232.7	$ 206.6	$ 1,106.3
Less Surcharges	34.2	18.3	12.7	7.0	72.3	24.2	16.5	15.8	10.7	67.2	16.8	3.6	2.4	1.4	24.2	-	-	-	-	-	75.2	38.4	30.9	19.2	163.7
Base Sales	$ 130.7	$ 100.0	$ 72.3	$ 62.5	$ 365.4	$ 107.0	$ 110.9	$ 108.9	$ 110.4	$ 437.2	$ 70.9	$ 23.3	$ 15.3	$ 10.9	$ 120.5	$ 4.9	$ 5.6	$ 5.3	$ 3.7	$ 19.5	$ 313.5	$ 239.8	$ 201.8	$ 187.4	$ 942.6
Sales/Ton	$ 1,415	$ 1,327	$ 1,310	$ 1,191	$ 1,331	$ 1,286	$ 1,202	$ 1,218	$ 1,133	$ 1,209	$ 1,670	$ 1,592	$ 1,539	$ 1,220	$ 1,590	N/A	N/A	N/A	N/A	N/A	$ 1,434	$ 1,313	$ 1,302	$ 1,178	$ 1,322
Base Sales/Ton	$ 1,121	$ 1,122	$ 1,114	$ 1,070	$ 1,111	$ 1,049	$ 1,047	$ 1,064	$ 1,033	$ 1,048	$ 1,351	$ 1,377	$ 1,328	$ 1,078	$ 1,324	N/A	N/A	N/A	N/A	N/A	$ 1,157	$ 1,131	$ 1,129	$ 1,069	$ 1,126

(1) *Please see discussion of Non-GAAP Financial Measures in the Appendix.*

(1)Non-GAAP financial measures

TimkenSteel reports its financial results in accordance with accounting principles generally accepted in the United States (“GAAP”) and corresponding metrics as non-GAAP financial measures. EBIT is defined as net income before interest expense and income taxes. EBIT is an important financial measure used in the management of the business, including decisions concerning the allocation of resources and assessment of performance. Management believes that reporting EBIT is useful to investors as this measure is representative of the company's performance. It also is a useful reflection of the underlying growth from the ongoing activities of the business and provides improved comparability of results.

See the attached schedules for supplemental financial data and corresponding reconciliations of the non-GAAP financial measures referred to above to the most comparable GAAP financial measures for the three and twelve months ended March 31, 2016 and 2015. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, TimkenSteel's results prepared in accordance with GAAP. In addition, the non-GAAP measures TimkenSteel uses may differ from non-GAAP measures used by other companies, and other companies may not define the non-GAAP measures TimkenSteel uses in the same way.

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